PACKAGING

THE CAHNERS MAGAZINE FOR DECISION-MAKERS/JUNE 1992

SPECIAL ELECTION ISSUE

8th Annual Poll Shows Consumers Vote For Value

New Engineering Section Inaugurated

- ★ Line Operations
- ★ Marketplace
- ★ Management Essay

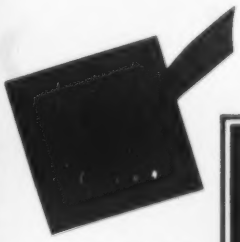
Mini buyers guide to T-E banding systems

Cast Your Ballot In Innovator Competition

Pro-Recycling Group Starts Mail-It-Back Container Campaign

New slogan from consumers: "We want value!" Page **30**

Unassuming brown paper bag makes a statement for new computer software. Page **16**



Check out our innovator award finalists. Nominate your favorites to win. Page **53**

Shrink band systems provide tamper evidence for foods, pharmaceuticals and personal-care products. Page **43**

PACKAGING.

A CAHNERS PUBLICATION/VOLUME 37 NUMBER 7

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NEXT MONTH

The Packaging 100: Exclusive survey charts opinions of leading packagers on issues such as future expenditures, quality, corporate innovation and packaging and the environment.

Small dip in confidence is actually a good sign

Kermit Baker
Chief Economist
Cahners Economics

The PACKAGING Business Confidence Index fell 0.6 point to 65.2 in May, reflecting some of the softer economic statistics we have seen over the past month.

The decline of less than one point should not be interpreted as a precursor of declining economic conditions as was the case a year ago.

Today, more than half (50.5%) of businesses rate current business conditions as good or excellent—the same number as last month. Perhaps more important, nearly 88% of the business managers this month say they expect overall economic conditions to improve over the next 90 days.

In response, more than three-quarters of business managers plan to increase production—a number that's down from April's overly optimistic 82%. Overall plans to increase inventories continue to grow—reaching a high of 57.9% in May. When businesses plan to increase inventory, that's a strong indication of their confidence.

Unlike last summer, this upturn is being led by the consumer sector. Manufacturers of consumer goods including a wide range of packaged products are showing their optimism by the high confidence numbers they posted in the May survey, the highest of any sector at 66.3.

Two-thirds of managers in consumer-goods industries say they plan to increase business activity over the next three months. The strong growth in retail sales during the first months of 1992 supports the optimism in the consumer sector.

Lower consumer debt due to consumer prudence and three months of increases in personal income have led to advances in both consumer confidence and spending. Confidence has increased 24.3 points since February with the latest reading measuring 71.6 (index 1985 = 100).

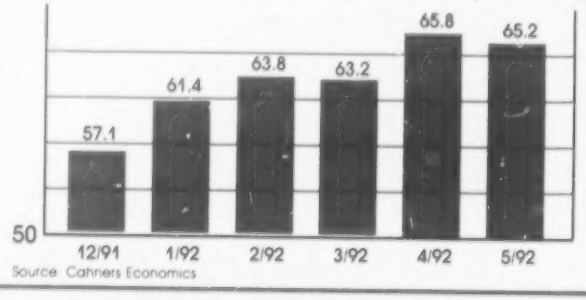
Consumer spending, a vital piece of the recovery, had been wavering for most of 1991 but showed strong signs of an upturn in the first quarter of the year with a seasonally adjusted annual growth rate of 5.3%.

Spending gains were seen in both durable and nondurable goods. Total spending is expected to be up about 2.6% by the end of the year. Demand from packaging's endmarkets and business expectations should continue to climb throughout the summer.

Research assistance:
Lori Brassaw, Economist
Cahners Economics

INDEX REVEALS SLIGHT DROP IN OPTIMISM

Respondents to the PACKAGING Business Confidence Index survey in May 1992 report a slight drop in confidence. Note: Any number over 50 reflects more optimism than pessimism.



Source: Cahners Economics

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ENVIRONMENTAL NEWS

38 Bottles Do Not A Crisis Make

An ongoing campaign is urging California residents to mail empty plastic containers directly to the headquarters of the Society of the Plastic Industry in Washington, D.C., as a protest against plastic container recycling problems. So far the campaign has produced lots of press but no huge piles of containers.

Take the wrap

According to Colleen Dietzel of the San Diego chapter of the California Resource Recovery Assoc., the campaign of printed fliers and cut-out mailing labels, dubbed "Take The Wrap" gives consumers a means of expressing their frustration about the lack of markets for recycled plastic containers. She added that her group supports minimum-content laws to stimulate markets for post-consumer plastics.

She says SPI was targeted for the campaign "because frustrated Californians are getting mad at their local recyclers and state and local governments, and we're trying to channel that frustration to the plastics industry itself—where we feel it belongs." SPI devised the recycling code molded into the bottom of most monolayer plastic containers.

The group feels the codes mislead consumers into thinking all plastics bearing the chasing arrows are readily recyclable.

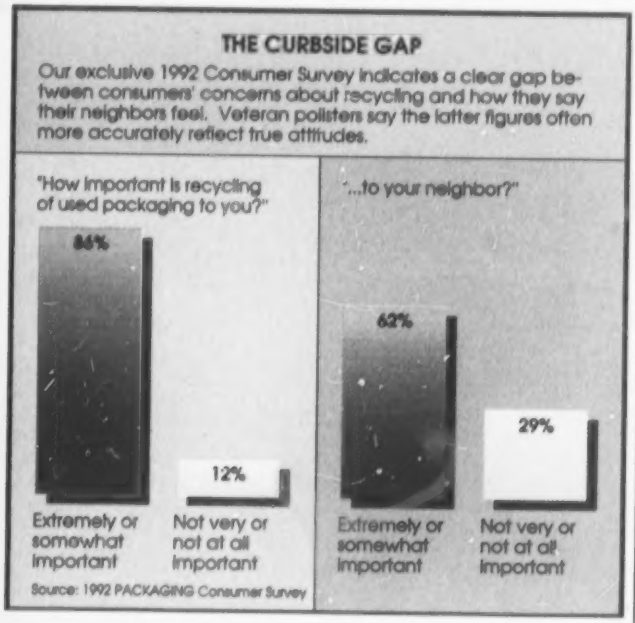
38 so far

Although Dietzel said she passed out reams of flyers to interested consumers during the state's recent Earth Day celebrations, only 38 plastic containers have arrived at SPI's offices, according to Susan Moore, director of communications.

"I guess everyone on that San Diego committee has sent a bottle—that's about it so far. This was their attempt to, in effect, create a crisis where there isn't one," she says.

Moore, who has worked with hundreds of communities to develop curbside programs and has conducted nationwide focus groups, says that the average consumer, when properly educated about curbside collection, does a good job of sorting and recycling the proper materials.

"Some recyclers are getting junk, to be sure," she says. "But our experience is that contamination rates from nonrecyclable materials are near zero when people are properly educated on what to put in their bins."


THE CURBSIDE GAP
Our exclusive 1992 Consumer Survey indicates a clear gap between consumers' concerns about recycling and how they say their neighbors feel. Veteran pollsters say the latter figures often more accurately reflect true attitudes.
"How important is recycling of used packaging to you?"
88%
12%
Extremely or somewhat important
Not very or not at all important
"...to your neighbor?"
62%
29%
Extremely or somewhat important
Not very or not at all important
Source: 1992 PACKAGING Consumer Survey

Recycling Habits: Ask Me, Ask My Neighbor

PACKAGING's exclusive annual Consumer Survey turned up some interesting consumer attitudes on recycling habits.

Each year we ask consumers, "How important is the recycling of used packaging to you?" Respondents answer "extremely important," "somewhat important," "not very important," or "not at all important." Our latest survey indicates that nearly 90% of those polled feel that the recycling of used packaging is either extremely or somewhat important to them.

However, this year's survey also shows that our respondents don't feel recycling is nearly as important to their neighbors. When asked "How important is the recycling of used packaging to your neighbor?" only 62% answered "extremely important" or "somewhat important."

The implications of this gap are debatable. Recycling participation is now seen as politically correct, and it may be that consumers simply feel their sense of responsibility is superior to that of their neighbors. However, some professional pollsters believe that in studying social behavior, an accurate indicator of reality is obtained by asking individuals how their neighbors feel.

Task of Managing Steel Drums Falls To Suppliers

As a new program announced by Sealed Air Corp. illustrates, packagers of bulk chemicals and other bulk products are increasingly shouldering the responsibility for collecting, cleaning and recycling or reusing the drums used to ship their products.

Sealed Air has contracted with a group of the largest steel drum reconditioners and motor freight carriers to pick up and transport empty drums of Instapak brand foam-in-place polyurethane to approved reconditioning facilities. There the drums are cleaned and refurbished.

If a drum is damaged or cannot be reused, it is cleaned and converted into scrap steel. "We've upgraded the gauge of steel used in manufacturing our drums," says Bill Gray, director of marketing for the Engineering Products Div. "As a result, the drums have a higher reclaim value."

Sealed Air's Instapak customers call a designated freight carrier to report that their 55-gallon drums have been dripped dry, recapped and made ready for pickup. "The program addresses two issues," says Gray. "It provides our customers with a responsible method of drum management and enables us to reeducate them on how to properly prepare the drums for recycling or disposal purposes."

There's a growing trend toward this kind of cooperative arrangement. Thorvald R. Larson Jr., president of the Steel Shipping Container Institute, says several states including Califor-

Continued on next page

Empty drums of foam-in-place cushioning get collected and recycled under Sealed Air's new program.

CONSUMERS VOTE FOR VALUE

Our 8th annual analysis reveals top demands: informative labeling, plastic bottles for OTC drugs, more tamper-evidence and especially value for the money.

Mark Spaulding Senior Editor

Value, value, value. It is *the* product marketing theme for these uncertain times. Giving consumers more than they expect and providing solid guarantees to justify higher prices seem to be crucial to market success.

In preparing PACKAGING's exclusive 1992 Consumer Survey, as in years past, we mailed questionnaires to 1,000 consumers nationwide. More than 750 responded, generating hundreds of pages of data. Invaluable assistance was provided by National Family Opinion, a widely respected leader in the field of opinion research.

This year, answers to our questions on consumer attitudes about packaging reveal subtle—as well as dramatic—shifts toward packaged goods offering greater value. That comes as no surprise: According to government statistics, real disposable income is now about half what it was 10 years ago.

The move toward value shows itself most clearly in three areas: demands for more informative labeling, strong preferences for tried-and true pharmaceutical packaging and a mandate for greater use of tamper-evident devices for both foods and OTC drugs.

Label reliance down

One trend is obvious. Consumers in general, and younger consumers in particular, are relying little on labeling when choosing a food product. Questionable dietary claims on food packages, headlines about proposed FDA requirements for expanded nutritional information and recent government concerns related to product shorting seem to have diluted consumers' trust.

Young parents rely the least on labels. Retired older couples, on the other hand, express the greatest reliance. (See chart.)

Fewer consumers this year than last think of nutritional information on package labels as being "informative." Only 48% chose this adjective—down from 53%.

Only about one-third of respondents said food-label information was "valuable," "accurate" or "sufficient." In fact, when asked about other words that best describe nutritional data, negative terms such as "confusing," "misleading" and "insufficient" stood out.

Young singles were the most negative. Exactly 50% say such label information is misleading; 48% say it's confusing and almost 17% say it's downright dishonest.

Action plan: Pay close attention to the image your label conveys as well as the specific claims you make. Be sure the information is more than adequate, correct and easily understood.

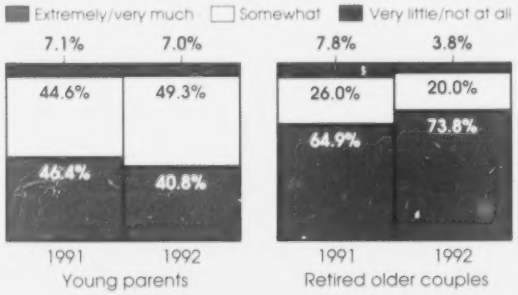
The tried-and-true

We asked consumers to judge package types for

YOUNG PARENTS RELY THE LEAST ON FOOD-PRODUCT LABELS...

Of all those surveyed, young parents are the group which relies the least on food-label information. Retired older consumers place the greatest reliance on such information

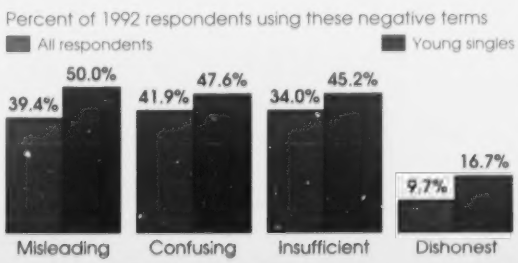
Question: How much do you rely on labeling when choosing a food product?



...AND YOUNG SINGLES FIND FAULTS WITH NUTRITIONAL INFORMATION

Compared to all respondents, young singles are the most negative when it comes to describing the nutritional information on food packages.

Question: Which terms best describe food-label nutritional information?



Source: 1991-1992 PACKAGING Consumer Surveys

four different OTC drugs. Unquestionably, as consumers age their preference for familiar, easy-to-open, easy-to-dispense packages increases. (See chart below.)

What type of container is preferred by all groups for OTC pharmaceuticals? The vote overwhelmingly is for plastic bottles.

While this choice may be an expression of demand for convenience, it also seems to show a desire for the extra value such containers provide. A quick perusal of pharmacy shelves reveals that the same product packaged in plastic bottles often costs less per unit of use than those packaged in blisters.

Action plan: Target products for older consumers in familiar, wide-mouth plastic bottles or glass containers. Try blister packs when marketing to younger consumers, no matter what OTC drug you package.

Make it T-E

Again this year we asked consumers to indicate the importance of certain package characteristics when purchasing various products. The result: Demand for tamper-evidence is clearly an area where the desire for greater value underlies package preference.

In food, packages that preserve flavor and taste continue to rank as the top demand. But a tamper-evident food container is just as important to 85% of the same respondents. And not surprisingly, 91% of respondents rate tamper-evident containers for OTC drugs as highly important.

Action plan: If your package is tamper-evident, emphasize it on the label. Don't have tamper-evidence for your food package yet? Investigate it now.

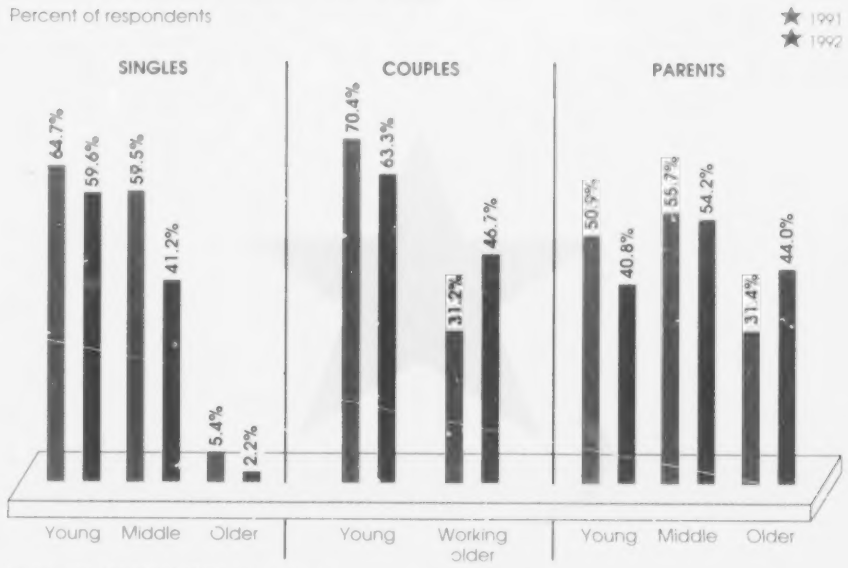
Along with all this, con-

LESS LUNCH-ZAPPING AT WORK

More cold sandwiches? Microwave use at work declined significantly for many lifestages but increased for older couples and older parents.

Question: Do you use a microwave oven at work?

Percent of respondents



Source: 1991-1992 PACKAGING Consumer Surveys

CONSUMERS PREFER PLASTIC BOTTLES FOR OVER-THE-COUNTER DRUGS

Consumers prefer plastic bottles for OTC pharmaceuticals by a wide margin. Blister packs for allergy medicines are more popular than glass containers while glass is almost as well-liked as plastic bottles for cough remedies.

Question: Which type of packaging containers would you prefer for each of the pharmaceutical products listed?

Percent of all respondents

PRODUCT	PLASTIC BOTTLES	GLASS BOTTLES	"BUBBLE" OR "BLISTER" CARD
Vitamins	65.4%	23.9%	9.8%
★	★	★	★
Pain relievers	62.3%	20.4%	16.3%
★	★	★	★
Allergy medicine	52.4%	21.5%	24.0%
★	★	★	★
Cough remedies	45.1%	41.1%	12.9%

Source: 1992 PACKAGING Consumer Survey

sumers also vote for plain, old - fashioned value. "Value for the money" was listed by 87% as the most important characteristic for foods and by 89% for OTC drugs. In personal-care products, despite their glamorous image, value again ranks as the top demand for 88% of respondents.

Indicative of the value trend are results showing that demand has leveled off for easy-opening and easy-resealing food packages. While these elements make food containers more convenient, they also can raise the price—a price consumers may not be willing to pay.

Action plan: Value for the money ranks nearly as high as tamper-evident packaging. Possible responses: Consider offering concentrated products in smaller packages. Apply on-package coupons or recipe booklets. Tout the "per-ounce" cost savings of products when purchased in large, bulk containers.

When the crucial moment arrives and the consumer is ready to make a choice from the store shelf, offering them product value in an equally valuable package will certainly be a powerful influence for sales success. ■

PLEASE RATE THIS ARTICLE

How would you rate this article? To reply, circle the appropriate number on the reader service card:

Outstanding 530
Above Average 531
Average 532
Below Average 533

PACKAGING's *1992 Consumer Survey uses 43 questions to probe consumer attitudes about packaging. A summary of all questions comparing key data with previous surveys is available for $250. Complete survey results totaling 316 pages is available for $500. For information, contact Consumer Survey Editor,* PACKAGING *Magazine, 1350 E. Touhy Ave., Des Plaines, IL 60018, or circle* **534**.

TOP THREE PACKAGING TRAITS: VALUE, TAMPER-EVIDENCE RANK HIGH

Consumers want packaging to provide many benefits but they place the greatest emphasis on tamper-evidence and value for their dollar.

Question: How important are the following characteristics when you are considering purchasing these products?

Percent saying "extremely important" or "very important"

Food	Pharmaceuticals	Personal-care products
1. Preserves flavor/taste 95.4%	1. Packaged in tamper-evident container 91.0%	1. Value for the money 88.2%
★	★	★
2. Value for the money 87.4%	2. Value for the money 88.5%	2. Convenient to reseal 80.8%
★	★	★
3. Packaged in tamper-evident container 85.1%	3. Convenient to reseal 84.9%	3. Convenient to open 76.5%

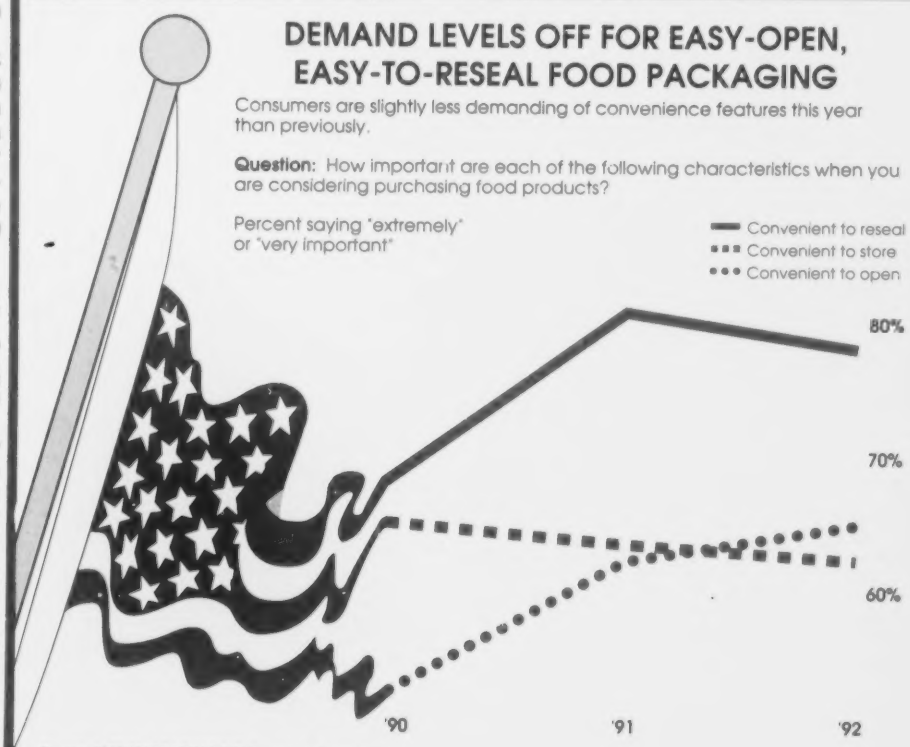
Source: 1992 PACKAGING Consumer Survey

DEMAND LEVELS OFF FOR EASY-OPEN, EASY-TO-RESEAL FOOD PACKAGING

Consumers are slightly less demanding of convenience features this year than previously.

Question: How important are each of the following characteristics when you are considering purchasing food products?

Percent saying "extremely" or "very important"



Source: 1990-1992 PACKAGING Consumer Surveys

Clear Out Excess Inventory!

Earn Tax Benefits Up To 200% Of Cost.

Q: What do over a thousand companies like General Electric, Verbatim and Forney know about donating excess materials and equipment that I should know?

A: Your donations could qualify as a tax benefit up to 200% of cost under IRS 170(e) (3).

Q: Who could possibly need my excess parts, assemblies, complete products and office supplies?

A: Thousands of students and teachers in **local school systems**, as well as community, technical and four-year colleges need metal, electric, electronic parts and supplies for **training**.

Q: Where do non-profits get them? And how?

A: We have six warehouses around the country where school systems, colleges and **social service non-profits** come in and select what they need.

Q: Can my company get the tax benefit this quarter?

A: Absolutely. We can clear out your excess inventory quickly because of our warehouses. So why wait till year end to think about your bottom line.

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PEOPLE

D.Robison

Douglas Robison, formerly president of Bemis Machinery Group, has been named president and CEO of contract packager Cloud Corp. **Charles Cloud** will continue as chairman of the board . . . **Michael McNamara**, vice president of operations and general manager for Automated Packaging Systems, has been named chairman of the board of the Flexible Packaging Association . . . Amoco Foam Products has appointed **Joe Strickland** as president and **Warren King** as executive vice president . . . Rexene Corp. has promoted **James Ruberto** to executive vice president of Rexene and president of Consolidated Thermoplastics, a division of Rexene. **Jack Knott** has been appointed executive vice president of sales and market development for Rexene . . . Westvaco has named **John Luke Jr.**, president and CEO effective November 1, 1992. **Jack Hammond** has been elected a senior vice president of the company and manager of the Bleached Board Div. . . . Mebane Packaging has elected **George Krall** president and COO . . . **Robert Sirois** has been named president of CCL Label-U.S., a subsidiary of CCL Industries . . . Hercules has appointed **Reid Frazier** vice president and general manager of the Packaging Films Group, Hercules Materials . . . Lawson Mardon Group has named **Andrea Mattiussi** president and CEO . . . Inland Container has elected **William Howes** president and COO . . . **Edward Fox** of Procter and Gamble has been elected president of the Plastics Recycling Foundation.

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PACKAGING® formerly Package Engineering including Modern Packaging (ISSN 0746-3820) (GST #123397457) is published monthly except semi-monthly in March by The Cahners Publishing Company, (Subscription includes all issues). Cahners Publishing Company is a Division of Reed Publishing USA, 275 Washington St., Newton MA 02158-1630. Terrence M. McDermott, President/Chief Operating Officer; Frank J. Sibley, Executive Vice President; Charles E. Moodhe, Senior Vice President/General Manager, Chicago Division; Jerry D. Neth, Senior Vice President/Publishing Operations; J.J. Walsh, Senior Vice President/Finance; Thomas J. Dellamaria, Senior Vice President/Production and Manufacturing; Ralph Knupp, Vice President/Human Resources. Circulation records are maintained at Cahners Publishing Company, 44 Cook St., Denver, CO 80206-5800. Phone 303/388-4511. Second-class postage paid at Denver, CO 80206-5800 and additional mailing offices. **Postmaster: Send address changes to PACKAGING®, P.O. Box 173377, Denver, CO 80217-3377.** PACKAGING® formerly Package Engineering including Modern Packaging, copyright 1992 by Reed Publishing USA; Robert L. Krakoff, Chairman and Chief Executive Officer. Rates for non-qualified subscriptions: USA, 1 year: $84.95, 2 years, $143.95; Canada, 1 year: $123, 2 years: $208.95; Mexico, 1 year: $114.95, 2 years, $194.95; other countries, 1 year, $149.95 surface mail; $219.95 air mail; 2 years $254.95 surface mail, $373.95 air mail. Single copies of the Product Sources Guide, $30. Single copies of the Packaging Line Planning Guide, $10. Single copies of regular issues are available for $20, $25 and $25 (USA, Canada/Mexico and foreign). Please address all subscription mail to PACKAGING®, 44 Cook Street, Denver, Colorado, 80206-5800. PACKAGING and MARKETING PLUS are registered trademarks of Reed Properties Inc., used under license. REPRINTS OF PACKAGING® formerly Package Engineering including Modern Packaging articles are available in quantities of 500 or more. For a specific quotation, contact Andrea Marwitz, Cahners Plaza, 1350 E. Touhy Avenue, P.O. Box 5080, Des Plaines, Ill. 60017-5080; 708/635-8800.